

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

DEVELOPERS SURETY AND  
INDEMNITY COMPANY, a California  
corporation,

Plaintiff,

v.

STEVEN M. HARTLEY, an individual;  
BARBARA HARTLEY, an individual;  
THE ARBORS AT DESERT HOT  
SPRINGS, LLC, a Washington limited  
liability company; and BLUESTAR  
MANAGEMENT, INC., a Washington  
corporation, inclusive,

Defendants.

Case No. CV12-08972-GAF-PLA

**JUDGMENT**

WHEREAS, Developers Surety and Indemnity Company (Plaintiff) brought an action against Steven M. Hartley, Barbara Hartley, The Arbors at Desert Hot Springs, LLC, and Bluestar Management, Inc. (Defendants), seeking reimbursement under the terms of an indemnity agreement and California law arising from a performance bond Plaintiff issued to Defendants guaranteeing the performance of a construction project (Project) for the City of Desert Hot Springs (City); and,

1       **WHEREAS**, Defendants failed to fulfill their obligations to the City with  
2       respect to the Project and Plaintiff financed the completion of the Project pursuant  
3       to the terms of the performance bond; and,

4       **WHEREAS**, City filed a lawsuit against Plaintiff to enforce the terms of the  
5       performance bond and Plaintiff hired counsel to defend it in that lawsuit which was  
6       ultimately settled whereby Plaintiff agreed to finance completion of the Project in  
7       exchange for being released from City's claims; and,

8       **WHEREAS**, Plaintiff paid \$8,825 to contractor All Right Services, Inc., and  
9       \$153,961.94 to complete the Project, and received an offset of \$6,500 from a  
10      contractor's surety, making Plaintiff's expenditures on the Project total  
11      \$156,286.94; and,

12      **WHEREAS**, Defendants have refused and failed to indemnify, hold  
13      harmless and reimburse Plaintiff for its losses so that Plaintiff has also incurred  
14      \$14,860.92 in attorneys' fees for a total loss of \$171,147.86 as a result of issuing  
15      the performance bond, completing the Project, defending against the City's lawsuit  
16      and enforcing the indemnity agreement; and,

17      **WHEREAS**, Plaintiff filed a Motion for Summary Judgment against  
18      Defendants on its causes of action for breach of contract (First Cause of Action)  
19      and statutory reimbursement (Fifth Cause of Action) which motion is unopposed;  
20      and,

21      **WHEREAS**, there is no issue of material fact as to the First Cause of Action  
22      as it is undisputed that Defendants breached their indemnity agreement, the terms of  
23      which are clear, because they failed and refused to reimburse Plaintiff for the losses  
24      it incurred after issuing the performance bond, and it is undisputed that all of the  
25      necessary elements of a claim for the breach of the indemnity agreement are met,  
26      and it is further undisputed as to the amount of damages which have accrued; and,

27      ///

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1       **WHEREAS**, because there is no genuine issue as to any material fact  
2 regarding Plaintiff's claims for breach of contract or the damages arising from the  
3 breach, this Court granted Plaintiff's Motion for Summary Judgment with respect to  
4 that claim; and,

5       **WHEREAS**, Plaintiff has also moved for summary judgment with respect to  
6 its claim for statutory reimbursement pursuant to California Civil Code section  
7 2847 which creates a statutory right to reimbursement in favor of a surety making  
8 payments under bond obligations; and,

9       **WHEREAS**, because Plaintiff has presented evidence that it has satisfied its  
10 obligations under the performance bond and is entitled to reimbursement and  
11 Defendants have failed to present any issue of disputed material fact, this Court  
12 granted Plaintiff's Motion for Summary Judgment with respect to that claim;  
13 therefore,

14  
15       **THE COURT HEREBY ORDERS THAT:**

16       Plaintiff DEVELOPERS SURETY AND INDEMNITY COMPANY  
17 recovers from the Defendants STEVEN M. HARTLEY, BARBARA HARTLEY,  
18 THE ARBORS AT DESERT HOT SPRINGS, LLC, and BLUESTAR  
19 MANAGEMENT, INC., jointly and severally, the amount of One Hundred  
20 Seventy-One Thousand One Hundred Forty-Seven Dollars and Eighty-Six Cents  
21 (\$171,147.86) which amount includes sums paid to contractors and to finish the  
22 Project and attorneys' fees to bring this action and to defend against an action by  
23 the City of Desert Hot Springs.

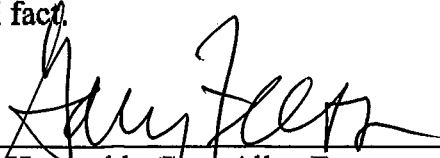
24       This action was decided by Judge Gary Allen Feess on evidence presented in  
25 support of Plaintiff's Motion for Summary Judgment for causes of action for breach  
26 of contract (First Cause of Action) and for statutory reimbursement (Fifth Cause of  
27 Action), which motion was unopposed by Defendants, who failed to produce  
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evidence of any disputed issue of material fact.

Dated:

1/6/14

  
The Honorable Gary Allen Feess  
Judge of the United States District Court